

**WAKE TECHNICAL COMMUNITY
COLLEGE FOUNDATION, INC.**

Financial Statements

Years Ended June 30, 2011 and 2010

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2 - 3
Statements of Activities	4 - 5
Schedules of Functional Expenses	6 - 7
Statements of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9 - 18

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Wake Technical Community College Foundation, Inc.

We have audited the accompanying statements of financial position of Wake Technical Community College Foundation, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wake Technical Community College Foundation, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Thomas, Judy & Tucker, P.A.

August 3, 2011

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	2011		
	Unrestricted	Temporarily Restricted	Permanently Restricted
ASSETS			Total
Current Assets:			
Cash and Cash Equivalents	\$ 916,208	\$	\$ 916,208
Accounts Receivable	51,000	62,424	113,424
Investments	1,812,470	1,551,550	4,894,192
Pledges Receivable - Current		10,000	10,000
Advances for Emergency Funds to Students Net of Allowance for Doubtful Accounts of \$0 and \$11,500 at June 30, 2011 and 2010, Respectively			
Refundable Sales Tax	504		504
Total Current Assets	<u>2,780,182</u>	<u>1,623,974</u>	<u>5,934,328</u>
Property and Equipment:			
Wall of Honor	33,478		33,478
Software	128,319		128,319
Accumulated Depreciation	(39,557)		(39,557)
Net Property and Equipment	<u>122,240</u>		<u>122,240</u>
Pledges Receivable - Noncurrent		<u>116,978</u>	<u>116,978</u>
Total Assets	<u>\$ 2,902,422</u>	<u>\$ 1,740,952</u>	<u>\$ 1,530,172</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable	\$ 26,622	\$	\$ 26,622
Agency Obligations	864		864
Total Current Liabilities	<u>27,486</u>		<u>27,486</u>
Net Assets:			
Unrestricted	2,874,936		2,874,936
Temporarily Restricted		1,740,952	1,740,952
Permanently Restricted			1,530,172
	<u>2,874,936</u>	<u>1,740,952</u>	<u>6,146,060</u>
Total Liabilities and Net Assets	<u>\$ 2,902,422</u>	<u>\$ 1,740,952</u>	<u>\$ 6,173,546</u>

2010

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,089,922	\$	\$	\$ 1,089,922
1,194,159	1,470,756	929,608	3,594,523
10,675	114,226		124,901
17,297			17,297
2,878			2,878
<u>2,314,931</u>	<u>1,584,982</u>	<u>929,608</u>	<u>4,829,521</u>
33,478			33,478
(5,245)			(5,245)
<u>28,233</u>			<u>28,233</u>
	126,467		126,467
<u>\$ 2,343,164</u>	<u>\$ 1,711,449</u>	<u>\$ 929,608</u>	<u>\$ 4,984,221</u>
\$ 23,592	\$	\$	\$ 23,592
254			254
<u>23,846</u>			<u>23,846</u>
2,319,318			2,319,318
	1,711,449		1,711,449
		929,608	929,608
<u>2,319,318</u>	<u>1,711,449</u>	<u>929,608</u>	<u>4,960,375</u>
<u>\$ 2,343,164</u>	<u>\$ 1,711,449</u>	<u>\$ 929,608</u>	<u>\$ 4,984,221</u>

See Accompanying Notes

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2011 and 2010

	2011			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Net Assets:				
Support and Revenues:				
Contributions	\$ 310,036	\$ 872,664	\$ 590,597	\$ 1,773,297
Investment Income	414,535	306,417	9,967	730,919
Other Income	46,190	169,925		216,115
Total Support and Revenues	<u>770,761</u>	<u>1,349,006</u>	<u>600,564</u>	<u>2,720,331</u>
Net Assets Released from from Restrictions	<u>1,319,503</u>	<u>(1,319,503)</u>		
Expenses:				
Program Support	1,347,295			1,347,295
Management and General	118,775			118,775
Fundraising	68,576			68,576
Total Expenses	<u>1,534,646</u>			<u>1,534,646</u>
Change in Net Assets	555,618	29,503	600,564	1,185,685
Net Assets at Beginning of Year	<u>2,319,318</u>	<u>1,711,449</u>	<u>929,608</u>	<u>4,960,375</u>
Net Assets, End of Year	<u>\$ 2,874,936</u>	<u>\$ 1,740,952</u>	<u>\$ 1,530,172</u>	<u>\$ 6,146,060</u>

2010			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 732,253	\$ 487,642	\$ 100,354	\$ 1,320,249
292,738	100,572	1,419	394,729
26,626			26,626
<u>1,051,617</u>	<u>588,214</u>	<u>101,773</u>	<u>1,741,604</u>
460,458	(460,458)		
1,048,881			1,048,881
78,658			78,658
10,674			10,674
<u>1,138,213</u>			<u>1,138,213</u>
373,862	127,756	101,773	603,391
<u>1,945,456</u>	<u>1,583,693</u>	<u>827,835</u>	<u>4,356,984</u>
<u>\$ 2,319,318</u>	<u>\$ 1,711,449</u>	<u>\$ 929,608</u>	<u>\$ 4,960,375</u>

See Accompanying Notes

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2011 and 2010

	2011					
	General Program Support	College Support	Student Support	Total Program Support	Management and General	Fundraising
	\$	\$	\$	\$	\$	\$
Program Support						
Gifts in Kind	589,210			589,210		
Scholarships			161,834	161,834		
Foster Care Program	143,464			143,464		
Student Financial Assistance			12,055	12,055	129	
Tuition Assistance	70	48,314		48,384		
Faculty Recognition		789		789	35	
Event Expenses	11,409			11,409	1,273	
Professional Contract of Services	58,680	124,353		183,033		57,059
Travel and Meeting Expense	36,575			36,575	2,832	571
Audit and Tax Compliance Fees					15,543	
Support and Training	5,130			5,130	17,378	
Supplies	10,588			10,588	173	161
Equipment	23,292			23,292	200	
Meals/Food	18,580			18,580	2,122	
Salaries	23,417			23,417	21,235	3,245
Dues, Subscriptions, and Memberships	4,122			4,122	1,127	
Printing, Postage, and Publications	59,455			59,455	3,663	
Donor Recognition	1,427			1,427		7,540
Bad Debt Expense						
Legal Fees	3,288			3,288	16,386	
Lobbying Expense						
Banking Fees					2,195	
Depreciation					34,312	
Other	8,987		2,256	11,243	172	
	<u>\$ 997,694</u>	<u>\$ 173,456</u>	<u>\$ 176,145</u>	<u>\$ 1,347,295</u>	<u>\$ 118,775</u>	<u>\$ 68,576</u>
						<u>\$ 1,534,646</u>

2010			
General Program Support	Management and General	Fundraising	Total
\$ 123,925	\$	\$	\$ 123,925
575,134			575,134
146,520			146,520
148,765			148,765
10,286			10,286
43,179			43,179
1,072			1,072
	2,579		2,579
	10,700		10,700
	3,953		3,953
	674		674
	12,270		12,270
	4,162		4,162
		3,174	3,174
	34,500		34,500
	693		693
		7,500	7,500
	145		145
	2,232		2,232
	6,750		6,750
<u>\$ 1,048,881</u>	<u>\$ 78,658</u>	<u>\$ 10,674</u>	<u>\$ 1,138,213</u>

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,185,685	\$ 603,391
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	34,312	2,232
Net Appreciation in Fair Value of Investments	(561,820)	(512,959)
Net Realized (Gain) Loss on Sale of Investments	(63,312)	203,796
Donated Assets	(128,319)	(6,783)
Change in Discount on Long Term Pledges	(385)	26,343
Increase (Decrease) in Allowance for Doubtful Accounts	(36,500)	8,500
Agency Receipts	6,894	3,698
Agency Disbursements	(7,504)	(6,180)
Changes in Assets and Liabilities:		
Accounts Receivable	(113,424)	
Pledges Receivable	124,901	100,360
Advances for Emergency Funds to Students	17,297	(12,758)
Refundable Sales Tax	2,374	(144)
Accrued Interest and Dividends		3,149
Advances to Wake Technical Community College		13,058
Accounts Payable	3,030	8,078
Agency Obligations	610	
Contributions Restricted for Long Term Purposes:		
Contributions	<u>(590,597)</u>	<u>(101,773)</u>
Net Cash Provided (Used) by Operating Activities	<u>(126,758)</u>	<u>332,008</u>
Cash Flows from Investing Activities:		
Sales of Investments	928,666	671,893
Purchases of Investments	<u>(1,566,219)</u>	<u>(1,187,472)</u>
Net Cash Used in Investing Activities	<u>(637,553)</u>	<u>(515,579)</u>
Cash Flows from Financing Activities:		
Collections of Contributions Restricted for Long Term Purposes	<u>590,597</u>	<u>101,773</u>
Net Cash Provided by Financing Activities	<u>590,597</u>	<u>101,773</u>
Net Decrease in Cash and Cash Equivalents	(173,714)	(81,798)
Cash and Cash Equivalents, Beginning of Year	<u>1,089,922</u>	<u>1,171,720</u>
Cash and Cash Equivalents, End of Year	<u>\$ 916,208</u>	<u>\$ 1,089,922</u>

See Accompanying Notes

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

1. Business Operations and Summary of Significant Accounting Policies

Business Operations

Wake Technical Community College Foundation, Inc. (the "Foundation") is a not-for-profit organization established to operate exclusively for charitable and educational purposes, in order to receive funds from business and individual contributors which are used in support and benefit to Wake Technical Community College ("College") in such a manner deemed necessary and appropriate by the Board of Directors of the Foundation.

Financial Statement Presentation

The Foundation has adopted FASB Accounting Standards Codification (ASC) 958-205 and subsections (formerly Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations"). The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

Contributions

The Foundation has adopted FASB ASC 958-605 and subsections (formerly Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made"). Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Although restricted contributions typically are reported as support that increases restricted net assets, they may be reported as unrestricted support if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities, and money-market accounts. The Foundation accounts for investments in accordance with FASB ASC 958-320 and subsections (formerly SFAS No. 124, "Accounting for Certain Investments Held By Not-for-Profit Organizations"). This standard requires that investments in equity securities with readily determinable fair value and all investments in debt securities be measured at fair value in the statements of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statements of changes in net assets.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers short-term, highly liquid investments that are readily convertible to known amounts of cash with an original maturity at date of purchase of three months or less to be cash equivalents. As of June 30, 2011 and 2010, the Foundation had \$341,857 and \$14,542 of cash equivalents, respectively.

Concentration of Credit Risk

The Foundation occasionally maintains deposits in excess of federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 for interest bearing accounts and unlimited for non-interest bearing accounts. The Foundation's uninsured cash totaled \$163,564 and \$680,913 for June 30, 2011 and 2010, respectively.

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

1. Business Operations and Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contributions. The discount rate used to reflect the present value of estimated future cash flows was 4% for the years ended June 30, 2011 and 2010. Pledges receivable are stated at the amount management expects to collect from outstanding balances. If an outstanding balance were deemed to be uncollectible, it would be charged against bad debt expense in the year such determination was made. Based on experience, management believes that the amount of pledges receivable at June 30, 2011 reflected on the accompanying statement of financial position is fully collectible.

Advances for Emergency Funds to Students

Advances for emergency funds to students are stated at the amount that management expects to collect from outstanding balances. If an outstanding balance were deemed to be uncollectible, it would be charged against an allowance for doubtful accounts. At June 30, 2011 and 2010, management estimated that \$0 and \$11,500, respectively, of the outstanding balances were uncollectible.

Agency Advances and Obligations

The Foundation collects contributions from donors and pays expenses on behalf of the College. The funds collected are remitted to the College and the funds expended are reimbursed by the College. For the years ended June 30, 2011 and 2010, the Foundation collected from donors \$6,894 and \$3,698, respectively, and paid the college \$7,504 and \$6,180, respectively.

Net Assets

Net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by action of the Foundation and/or passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Released from Restrictions – The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

1. Business Operations and Summary of Significant Accounting Policies (Continued)

Functional Expenses

Functional expenses of the Foundation are classified and reported as follows:

General Program Support – established to supply support for specialized programs which benefit both students and the overall College.

College Support – established to supply support for faculty, staff, and overall benefit of the College.

Student Support – established to support the needs of students.

Fundraising – funds used to support donors and expenses to raise funds for the overall programs.

Management and General – funds used for the general operation and management of the Foundation.

Use of Estimates

The preparation of the Foundation's financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statements of financial position and the reported amounts of revenues and expenses included in the statements of activities. Actual results could differ from those estimates.

Property and Equipment

Expenditures for property are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. Upon disposition of property, the related asset and accumulated depreciation accounts are removed and any gain or loss is reflected in the statement of activities for the period. The estimated useful lives of property and equipment for the purpose of computing depreciation are:

Wall of Honor	15 years
Software	3 years

Depreciation expense for the years ended June 30, 2011 and 2010 was \$34,312 and \$2,232, respectively.

Accounting for Uncertainty in Income Taxes

The Foundation is exempt from income taxes as a not-for-profit organization under Internal Revenue Service ("IRS") code section 501(c)(3). During the years ended June 30, 2011 and 2010, the Foundation reported no unrelated business taxable income which is defined by the IRS as gross income derived from any unrelated trade or business that is not substantially related to the organization's tax-exempt purpose. Accordingly, no provision for income taxes has been recorded.

The Foundation adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48") on July 1, 2009. Under this provision, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation had no impact on the Foundation's financial statements. The Foundation does not believe there are any material uncertain tax positions and, accordingly, no liability for unrecognized tax benefits will be recorded. No interest or penalties were accrued as of July 1, 2009, as a result of the adoption. The Foundation is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax years in progress. The Foundation is no longer subject to income tax examinations for the years prior to 2008. For the year ended June 30, 2011, there were no interest or penalties recorded or included in its financial statements.

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

1. Business Operations and Summary of Significant Accounting Policies (Continued)

Endowments

The Foundation adopted the provisions of FASB ASC 958-205 and subsections (formerly FASB Staff Position No. 117-1 ["FAS 117-1"], *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*). FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Acts of 2006 ("UPMIFA") and is effective for fiscal years ending after December 15, 2008. UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. It also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board designated endowment funds), and whether or not the organization is subject to UPMIFA.

2. Fair Value Measurements

FASB ASC 820-10 and subsections (formally known as Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements*), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- | | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

2. Fair Value Measurements (Continued)

The following table sets forth the level within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of June 30, 2011 and 2010. It does not reflect cash and cash equivalents of \$341,857 and \$14,542 held in brokerage accounts at June 30, 2011 and 2010, respectively.

2011				
	Level 1	Level 2	Level 3	Total
<i>Financial Assets:</i>				
<i>Mutual Funds:</i>				
Large Cap Value	\$ 463,578	\$	\$	\$ 463,578
Large Cap Growth	483,273			483,273
Mid Cap Value	203,385			203,385
Mid Cap Growth	227,923			227,923
Small Cap Value	107,983			107,983
Small Cap Growth	124,245			124,245
International	796,002			796,002
Fixed Income	965,482			965,482
Multi Sector	417,954			417,954
Alternatives	715,699			715,699
Commodities	123,034			123,034
Real Estate	110,651			110,651
Inflation Protection	154,983			154,983
Total	<u>\$ 4,894,192</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,894,192</u>
2010				
	Level 1	Level 2	Level 3	Total
<i>Financial Assets:</i>				
<i>Mutual Funds:</i>				
Large Cap Value	\$ 356,717	\$	\$	\$ 356,717
Large Cap Growth	346,003			346,003
Mid Cap Value	167,892			167,892
Mid Cap Growth	175,481			175,481
Small Cap Value	97,530			97,530
Small Cap Growth	101,631			101,631
International	522,649			522,649
Fixed Income	1,363,471			1,363,471
Multi Sector	321,071			321,071
Inflation Protection	142,078			142,078
Total	<u>\$ 3,594,523</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,594,523</u>

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

3. Investments

Investments are reported at fair market values based on quotation from national securities exchanges or brokerage firms.

The fair value of investments at June 30, 2011 and 2010 is comprised of the following:

	<u>2011</u>	<u>2010</u>
Mutual Funds	<u>\$ 4,894,192</u>	<u>\$ 3,594,523</u>

At June 30, 2011 and 2010, the aggregate fair market value of investments was above their aggregate cost by \$485,881 and below by \$74,012, respectively. The Foundation realized gains of \$63,312 and losses of \$203,796 from the sale of investments for the year ended June 30, 2011 and 2010, respectively. For purposes of determining the gain or loss on a sale, the cost of the investment is based on the average cost of all shares of each such investment fund at the date of the sale. Unrealized appreciation related to investments was \$561,820 and \$512,959 for the years ended June 30, 2011 and 2010, respectively. Investment income is recorded net of investment fees and included realized and unrealized gains and losses. Investment fees for the years ended June 30, 2011 and 2010 were \$24,870 and \$19,984, respectively.

4. Endowment Fund

The Foundation's endowment consists of approximately 24 individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA.

Endowment net assets consist of the following:

	<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor designated endowment funds	\$ _____	\$ 362,471	\$ 1,530,172
Total	<u>\$ _____</u>	<u>\$ 362,471</u>	<u>\$ 1,892,643</u>

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

4. Endowment Fund (Continued)

	2010			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor designated endowment funds	\$ _____	\$ 146,522	\$ 929,608	\$ 1,076,130
Total	\$ _____	\$ 146,522	\$ 929,608	\$ 1,076,130

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. The Foundation has adopted specific guidelines for both equity and fixed income investments. The guidelines for equity investments include equity holdings may only be selected from the New York, America, Regional and Major Foreign Stock Exchanges, or the NASDAQ markets. No individual security managed by any one investment manager should not exceed 5% (at cost) of the total assets contained in their respective portfolio. Holdings must represent companies meeting the minimum capitalization of \$50 million with high market liquidity. Allocations to any non-US equity portfolio will have no more than 30% in any one country. The overall portfolio should be reflective of a balances and broad based asset allocation. For fixed income securities, investment securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and other factors. No investments of a single issuer (with the exception of the U.S. Government and its agencies) should not exceed 10% (at cost) of the total assets contained in any one manager's portfolio. Only preferred stocks or corporate debt securities that have a Standard and Poor's rating or a Moody's rating of Investment Grade or higher may be purchased or held. Fixed income portfolio duration shall not exceed the Lehman Brothers Government/Credit Intermediate Bond Index by 1 ½ years. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's or Moody's.

The investment manager is prohibited from investing in private placements and from speculating in fixed income or interest rate futures, swaps and derivatives.

The Foundation's goal is to yield investment over a five year period such that each endowment may fund 4% per year, based on the size of the endowment, toward the scholarship or other intended purpose. In years where the investment income is negative 5% or greater, on allocations are authorized without a specific vote of the Board of Directors.

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

4. Endowment Fund (Continued)

Changes in the endowment net assets for the years ended June 30, 2011 and 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2009	\$ _____	\$ 57,912	\$ 827,835	\$ 885,747
Investment return:				
Investment income		22,674	309	22,983
Net appreciation	_____	81,605	1,110	82,715
Total investment return	_____	104,279	1,419	105,698
Contributions			100,354	100,354
Payout of endowment assets for expenditure	_____	(15,669)	_____	(15,669)
Endowment net assets, June 30, 2010		146,522	929,608	1,076,130
Investment return:				
Investment income		46,941	1,637	48,578
Net appreciation	_____	239,023	8,330	247,353
Total investment return	_____	285,964	9,967	295,931
Contributions			590,597	590,597
Payout of endowment assets for expenditure	_____	(70,015)	_____	(70,015)
Endowment net assets, June 30, 2011	\$ _____	\$ 362,471	\$ 1,530,172	\$ 1,892,643

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below what the donor requires the Foundation to retain as permanently restricted. Deficiencies of this nature result from unfavorable market fluctuations and would be included in unrestricted net assets. As of June 30, 2011 and 2010, there were no deficiencies.

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

5. Pledges Receivable

The Foundation receives pledges to support scholarships, financial assistance and other programs. Pledge receivables consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 10,000	\$ 149,901
Receivable in one to five years	50,000	50,000
Receivable in five or more years	<u>120,000</u>	<u>130,000</u>
Total unconditional promises to give	180,000	329,901
Less: allowance for uncollectible pledges		(25,000)
Less: discounts to net present value	<u>(53,022)</u>	<u>(53,533)</u>
Net unconditional promises to give	<u>\$ 126,978</u>	<u>\$ 251,368</u>

6. Restrictions on Net Assets

Temporarily restricted net assets are composed of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Scholarship, financial assistance	\$ 717,622	\$ 1,136,899
Curriculum	913,661	350,699
Building and grounds	76,260	200,443
President's discretion	<u>33,409</u>	<u>23,408</u>
	<u>\$ 1,740,952</u>	<u>\$ 1,711,449</u>

Permanently restricted net assets are related to investments invested in perpetuity, with the income available to support the following purpose:

	<u>2011</u>	<u>2010</u>
Scholarships	\$ 1,375,172	\$ 824,608
Foster Care Program	<u>155,000</u>	<u>105,000</u>
	<u>\$ 1,530,172</u>	<u>\$ 929,608</u>

7. Related Party Transactions

During the year ended June 30, 2011 and 2010, the College provided office space, utilities, hardware, software, and other office equipment to the Foundation without charge.

Under an operating agreement between the College and the Foundation for the years ended June 30, 2011 and 2010 the College agreed to retain and fund experienced personnel for the Foundation. The employees shall be considered employees of the College.

All accounts payable are owed to the College under an agreement with the College that includes reimbursement for related expenses.

WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

7. Related Party Transactions (Continued)

During the year ended June 30, 2011, the College purchased software in the amount of \$128,319 and gifted the software to the Foundation. The Foundation recorded the software as property and equipment.

During the year ended June 30, 2011, the College paid legal fees to a board member of \$16,386 for work performed on behalf of the Foundation.

8. Endowment Funds Held By Others

The Foundation is the specified beneficiary of the Second Chance Scholarship Endowment and the Woman's Club of Cary – Dorothy Schmelzeis Endowment both held at the North Carolina Community Foundation ("Community Foundation"). The Community Foundation distributes income at a specified rate to the Foundation. The Foundation does not meet the criteria of FASB ASC 958-605 (formerly Statement of Financial Accounting Standard 136) to recognize these endowments as an asset of the Foundation. During the years ended June 30, 2011 and 2010 the Second Chance Scholarship Endowment distributed \$640 and \$710 to the Foundation, respectively. Also, during the years ended June 30, 2011 and 2010 the Women's Club of Cary – Dorothy Schmelzeis Endowment distributed \$2,340 and \$2,200 to the Foundation, respectively.

9. Contributed Services and Materials

The Foundation reports gifts of furniture, equipment and other nonmonetary contributions as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Foundation recognizes contributions of services received if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributed specialized services, property and equipment in the amounts of \$717,812 and \$577,133 have been recognized in the accompanying statement of activities for the years ended June 30, 2011 and 2010, respectively.

10. Concentrations

One hundred percent (100%) of pledges receivables at June 30, 2011 were due from a trade association. Sixty-nine percent (69%) of pledges receivables at June 30, 2010 were due from a private technology company, a trade association and a financial institution.

For the years ended June 30, 2011 and 2010, the Foundation received support in the form of a gift in kind of approximately 18% and 29%, respectively, from one hospital system. A significant reduction in this level of support, if it were to occur, could have a significant impact on the Foundation's programs and activities.

11. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 3, 2011, which is the date the financial statements were available to be issued. No significant items were identified by management.